

CORRECTED FISCAL NOTE

SB 516 - HB 1520

February 10, 1998

SUMMARY OF BILL: Exempts repairs, including parts and labor, for farm equipment and machinery with a value over \$250 from the sales tax. The cost of such equipment and machinery is currently exempt from the tax; repairs and parts are not.

ESTIMATED FISCAL IMPACT:

On February 24, 1997, we issued a fiscal note on this bill that indicated that:

The fiscal impact of this bill is a decrease in state revenues exceeding \$100,000 and a decrease in local government revenues exceeding \$37,500. This estimate assumes that the cost of repairs, parts and labor on farm machinery would exceed \$1,700,000 each year and assumes an average local sales tax rate of 2.25%.

Based upon additional information that has been obtained, the estimated fiscal impact of this bill is:

Decrease State Revenues - Exceeds \$1,500,000
Decrease Local Govt. Revenues - Exceeds \$575,000

This estimate assumes \$131,000,000 in farm repair and maintenance expenses in 1997, of which at least 20% were for machinery repairs. Also assumes an average local sales tax rate of 2.25%.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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